BRITISH COLUMBIA | BCStats

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June 2011
Issue: 11-04

Exports ◆ April 2011

- There was a 13.4% jump in the value of British Columbia origin exports in the first four months of 2011 compared to the same period a year earlier. This growth occurred despite a 2.0% decline in shipments to the United States, BC's largest export destination. Substantial increases in exports to destinations such as Mainland China (+50.6%), Japan (+20.8%), South Korea (+50.1%), Taiwan (+61.5%) and the European Union (+28.7%) more than offset the drop in shipments to the United States.

- There was solid export growth for most major commodity groups, led by metallic mineral products, which saw shipments climb 20.6%. While shipments of unwrought aluminum fell 3.8%, there was robust growth in exports of copper ores and concentrates (+35.5%), molybdenum ores and concentrates (+6.7%), unwrought zinc (+5.9%) and other metallic mineral products (+38.8%).

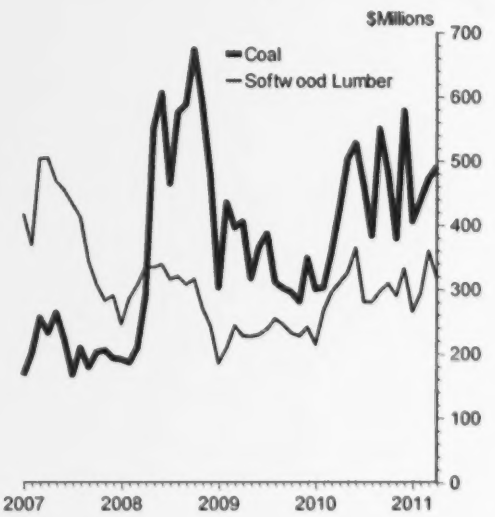
- There was reasonably strong growth in shipments of energy products (+9.4%), despite slumping exports of natural gas (-26.7) and electricity (-41.7%). The increase in overall energy exports was driven mainly by a 30.6% jump in shipments of coal, but exports of other energy products also grew, climbing 31.3%. The rise in the value of coal shipments was completely the result of price inflation as quantities shipped actually fell 4.1%. The strong growth in coal exports over the last few years has made it BC's top export, surpassing softwood lumber.

- Nevertheless, lumber shipments appear to be recovering as exports of softwood lumber have climbed 13.7% year-to-date, compared to the January to April period in 2010. Exports of solid wood products as a whole rose 14.5% on the strength of the growth in lumber shipments, as well as a 56.5% jump in exports of logs. The only major wood category to experience a drop in exports was value added wood products (-4.8%).

- Elsewhere in the forest sector, pulp and paper exports climbed 16.4%, mostly due to a 27.2% boost in shipments of pulp, although newsprint exports also saw some growth, rising 3.2%.

- There was robust growth across some other export categories as well, including machinery and equipment (+8.4%), agriculture and food excluding fish (+19.8%) and fabricated metal products (+14.0%).

Exports of coal have risen substantially in the last few years such that coal now exceeds softwood lumber as BC's top export

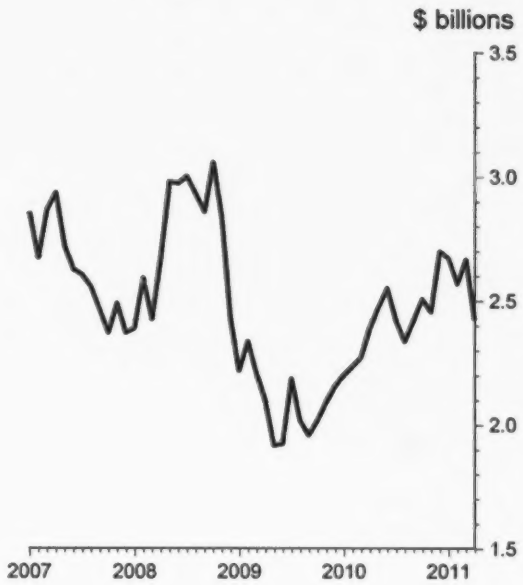


SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- There was a 9.1% drop in the value of BC's exports in April. The largest decline was in shipments of industrial and consumer goods (-22.2%), but energy (-6.5%) and forest products (-6.1%) also experienced a slump in exports.
- Both shipments to the United States (-4.9%) and the rest of the world (-12.0%) fell in April. For the US, energy had the largest drop in exports, at 13.6%, while for the rest of the world, a 34.3% slump in shipments of industrial and consumer goods was the main driver of the overall decline.

Exports (adjusted for seasonality) fell sharply in April



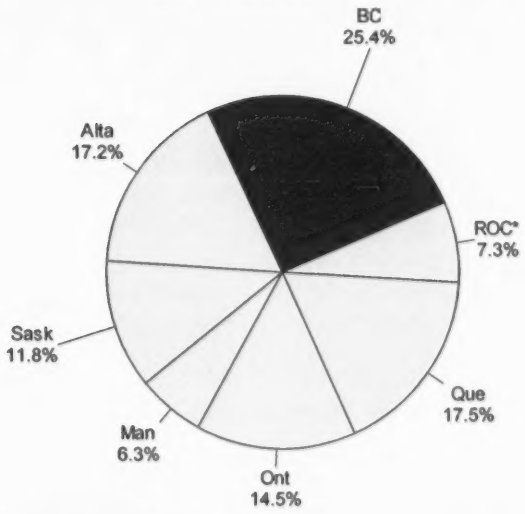
BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
Apr 2009	195	588	604	268	441	2,097	1,060
May	196	494	556	273	396	1,915	1,059
Jun	193	484	554	255	435	1,922	989
Jul	206	625	586	271	495	2,183	1,051
Aug	175	516	594	252	477	2,014	1,011
Sep	163	495	590	227	480	1,956	1,011
Oct	180	489	583	248	518	2,017	1,039
Nov	176	513	601	250	550	2,090	1,085
Dec	176	577	607	252	542	2,154	1,078
Jan 2010	179	615	654	260	492	2,199	1,103
Feb	197	575	683	244	534	2,233	1,074
Mar	194	599	666	258	554	2,271	1,125
Apr	188	656	714	264	568	2,390	1,131
May	186	708	734	260	586	2,474	1,153
Jun	188	763	780	271	546	2,549	1,208
Jul	196	729	715	271	506	2,418	1,098
Aug	207	628	692	267	541	2,335	1,108
Sep	226	726	687	277	505	2,421	1,032
Oct	211	666	749	273	607	2,505	1,073
Nov	200	620	752	276	606	2,454	1,069
Dec	205	754	794	294	650	2,697	1,113
Jan 2011	196	685	781	277	732	2,670	1,130
Feb	190	706	753	287	632	2,567	1,095
Mar	193	677	838	271	685	2,664	1,088
Apr	194	632	787	276	533	2,422	1,035

Another BRIC in the Export Wall

A lot of attention has been paid to the emerging economies of Brazil, Russia, India and China – dubbed BRIC – in recent years. This group of four nations is seen as having the greatest potential for economic growth and there have been efforts by many countries, including Canada, to enhance trade relationships with BRIC. Within Canada, British Columbia has been at the forefront in terms of boosting commodity exports to those countries. Over the last decade, the share of BC's exports destined for BRIC countries grew from only 3% in 2000 to 16% in 2010. This is by far the largest share of exports of any province. At 11%, Manitoba ranked second, while Ontario shipped the smallest percentage of its goods exports to BRIC countries, at only 2%.

BC led the country in exports to BRIC countries in 2010

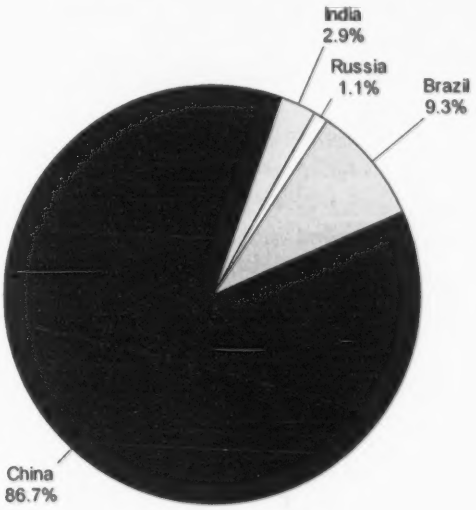


*Rest of Canada
Source: Statistics Canada

In 2010, British Columbia was the source of approximately a quarter of Canada's commodity exports to BRIC, the largest share of any province. After BC, Quebec and Alberta were each the origin of around 17% of Canadian goods shipped to BRIC countries.

Most of BC's exports to BRIC are to Mainland China. In 2010, almost 87% of BC origin exports to BRIC were shipped to China. Brazil was the destination of around 9% of BC's exports to BRIC, with 3% destined for India and the remaining 1% shipped to Russia.

The large majority of BC's exports to BRIC countries in 2010 was destined for China

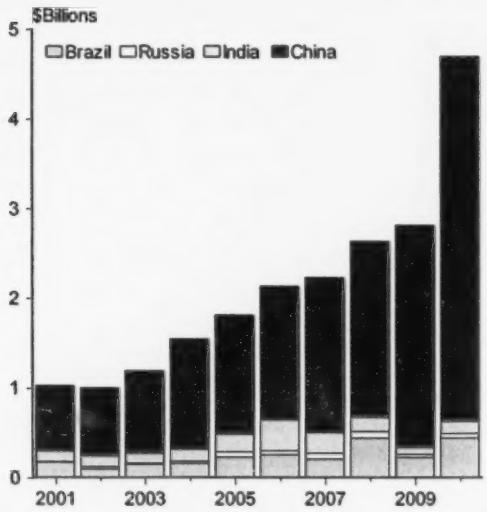


Source: Statistics Canada

Not only has China been the main destination for exports to BRIC, but it has also been where most of the growth in BC's exports to BRIC has been concentrated in the last several years. From 2009 to 2010, BC's exports to BRIC grew 67%. Approximately 85% of this increase was attributable to growth in shipments to

Mainland China. Overall, BC's exports to BRIC in 2010 were five times the value shipped just ten years earlier.

Most of the growth in BC's exports to BRIC countries has been in shipments to China



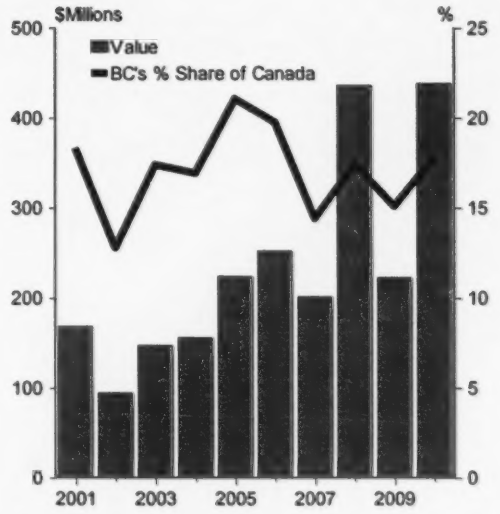
Source: Statistics Canada

While BC depends more on BRIC as a destination for exports compared to the rest of Canada, there has been substantial growth in shipments to BRIC for most provinces over the last decade. Overall Canadian exports to BRIC were more than three and a half times higher in 2010 than in 2000.

Brazil

BC's goods exports to Brazil more than doubled in 2008, but all that ground was lost in 2009, likely due, at least in part, to the global economic downturn. However, exports rebounded in 2010, to almost the same level achieved in 2008. The value of goods shipped from BC to Brazil in 2010 was the highest ever recorded, just slightly greater than the 2008 figure, which was almost double the previous high. Nevertheless, exports to Brazil represented less than 2% of the value of BC's overall goods exports in 2010. That was still good enough to rank Brazil as the eighth most significant destination for exports from British Columbia, but given the size of the Brazilian economy, there appears to be untapped potential for Brazil as a trade partner, both for BC and for Canada as a whole, which shipped less than 1% of its commodity exports to Brazil in 2010.

BC's exports to Brazil jumped significantly in two of the last three years, but are still relatively small



Source: Statistics Canada

In 2010, most of BC's exports to Brazil were comprised of coal (88%). Sulphur (4%) was the only other good to make up more than 1% of total BC exports to Brazil.

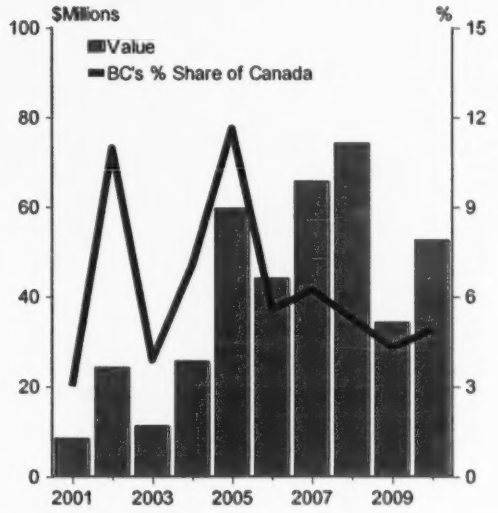
Canada's top export to Brazil was potash (19%), a fertilizer sourced from Saskatchewan and New Brunswick. Coal (16%), mainly from BC, was the second largest Canadian export to Brazil, followed by vaccines for human medicine (11%), and newsprint (9%).

Disputes over aircraft and beef have served as deterrents to developing a more substantial trade relationship between Canada and Brazil, but the more recent growth in trade and investment may be a signal that those bad feelings have been left in the past. The value of both Canadian exports to, and imports from Brazil have more than doubled in the last decade. Canadian direct investment in Brazil almost doubled from 2000 to 2010 and Brazilian investment in Canada climbed from $621 million in 2000 to $13.5 billion a decade later, more than a 34-fold increase.

Russia

Of the four BRIC countries, Russia has the smallest trade and investment relationship with British Columbia, and with Canada as a whole. In 2010, BC's exports to Russia were valued at just $52.6 million, which amounted to only 5% of total Canadian exports to that country.

BC exports relatively little to Russia



Source: Statistics Canada

In 2010, BC's top commodity export to Russia was frozen fish (38%), followed by mining industry machinery (14%). Swine meat was the top Canadian export to Russia (16%).

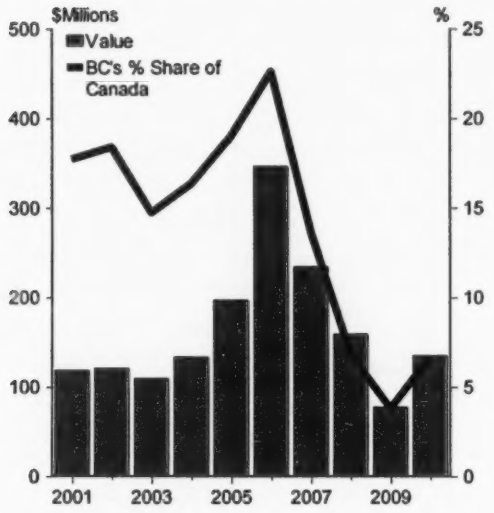
Canada exported just over $1 billion worth of goods to Russia in 2010, which was less than one half of one percent of total Canadian goods exports. Canadian imports from Russia were valued at around $1.6 billion. Canadian direct investment in Russia was only $560 million in 2010 and Russian investment in Canada was just slightly over $1 billion, although the latter figure represents substantial growth from just a few years earlier.

Issues preventing a more significant trade and investment relationship between the two countries include high levels of corruption and a tangled bureaucracy in Russia. The Russian government is taking steps to solve these problems, but it may be years before Canada's relationship with Russia can realize its full potential.

India

While India has become a more significant trade partner for Canada over the last decade, BC has not been a large beneficiary. Over three-quarters of Canada's exports to India originate in just three provinces: Saskatchewan, Quebec and Ontario. In 2010, British Columbia's share of Canadian exports to India was only 7%, well down from levels of around 18% recorded earlier in the decade. With the exception of 2006, when they spiked to $345.9 million, there has been very little growth in BC's exports to India. On the other hand, Canadian commodity exports to India more than tripled over the last decade.

Other than the spike in 2006, BC has exported very little to India



Source: Statistics Canada

The top exports from BC to India in 2010 were copper ores and concentrates (38%) and pulp (34%). Peas, chickpeas and lentils (21%), sourced mainly from Saskatchewan, topped the list of Canadian shipments to India, followed by Potash (16%) (also from Saskatchewan) and newsprint (14%).

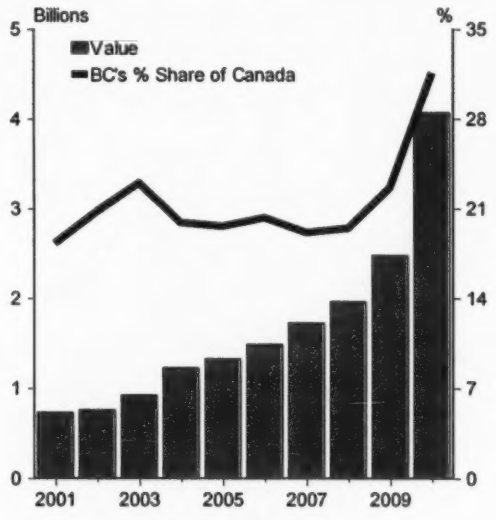
While they have grown significantly over the last decade, the value of Canadian exports to India was still only $2 billion in 2010, a fairly paltry figure considering the size of India's economy. Imports from India were around $2.1 billion. In addition to relatively small volumes of trade, Canadian direct investment in India was only $492 million in 2010, the least invested in any of the BRIC nations. Indian investment in Canada was more significant, at $6.6 billion, but this figure still represented only 1.2% of total foreign direct investment in Canada.

Both Canada and India have recognized that the two countries are nowhere near realizing the true potential for trade and investment between the two nations. Accordingly, they have launched negotiations for a free trade agreement. Given the size of India's economy and its potential for growth, such an agreement could provide substantial benefits for Canadian exporters and investors.

China

Of all the BRIC nations, China is the one with which British Columbia has developed the strongest relationship. Demand from China has single-handedly helped prop up BC's lumber industry as dwindling US housing starts have whittled away American demand for BC lumber, resulting in slumping exports and a number of mill closures. China's thirst for other commodities, such as pulp, coal and copper has also been a boon for BC's exports.

Almost a third of Canada's exports to Mainland China in 2010 were sourced from BC



Source: Statistics Canada

Exports from BC to Mainland China climbed 64% in 2010, representing the thirteenth consecutive year in which the value of shipments to China has increased. BC was the origin of 32% of Canada's exports to China in 2010.

Almost a quarter (24%) of BC's exports to China in 2010 consisted of pulp. Coal represented a further 21% of shipments, followed by lumber (16%) and copper ores and concentrates (10%). Pulp (9%) and coal (8%) were also Canada's top exports to China, with over 80% of each sourced from British Columbia.

Between 2000 and 2010, Canadian exports to Mainland China almost tripled in value, while imports from China have almost quadrupled. There has been similar growth in Canadian direct investment in China, climbing from $565 million in 2000 to $4.8 billion in 2010. Meanwhile, Chinese investment in Canada has exploded in recent years, rising from $192 million in 2000 to $14.1 billion in 2010, with most of that growth occurring in the last few years. Despite the rapid growth, there are still further opportunities for expansion of trade and investment with China.

Of all the BRIC countries, China is the one with which Canada has made the most significant inroads. While China represents the largest economy of the four BRIC nations, the other three should not be underestimated in terms of the potential they can offer as trade and investment partners for Canada. A new trade deal with India would certainly expand trade and investment with that country and an improved relationship with Brazil could also result in strong growth in trade that will benefit both British Columbia and Canada as a whole.

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

11-04 *Another BRIC in the Export Wall*
(released June 2011)

11-03 *BC's Natural Gas Exports*
(released May 2011)

11-02 *Gauging the Impact of Japan's Natural Disaster on BC's Exports*
(released April 2011)

11-01 *Year in Review: A Change in Direction for BC's Exports*
(released March 2011)

10-12 *The Impact of E-Commerce on BC's Trade*
(released February 2011)

10-11 *Canada and India Start Discussion on Free Trade*
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(released April 2009)

09-01 *Twenty Years of Free Trade with the United States*
(released March 2009)

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

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(250) 387-0376

This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.